

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 INT-05

FEAE-00 SS-15 NSC-05 PRS-01 STR-04 /107 W

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R 091448Z SEP 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5300

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USDEL MTN GENEVA

USMISSION OECD PARIS

AMEMBASSY TOKYO

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E.O.11652: N/A

TAGS: ETRD, UK, JA, EC

SUBJECT: JAPAN TO LIMIT SPECIALTY STEEL EXPORTS TO UK

1. WE HAVE LEARNED FROM DEPT. OF TRADE ASSISTANT SECRETARY ROBERTS THAT THE COMMISSION AND UK HAVE JOINTLY REACHED AN "UNDERSTANDING" WITH THE GOVERNMENT OF JAPAN TO LIMIT SHIPMENTS OF SPECIALTY STEEL TO BRITAIN. JAPANESE ASSURANCES ON BOTH PRICE AND QUANTITY OF SPECIALTY STEEL EXPORTS (STAINLESS STEEL BARS, HIGH-SPEED STEEL AND TOOL ) ARE CONSIDERED GENERALLY "SATISFACTORY" BY UKG.

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2. PRICES -- JAPANESE OFFICIALS SAID SPECIALTY STEEL PRICES TO UK SHOULD INCREASE ABOUT 20 PERCENT FOR SEPT./OCT. TOTALS AS COMPARED TO FEB./MARCH OF THIS YEAR. THIS WILL BE DUE TO POUND/YEN EXCHANGE RATE ADJUSTMENTS BEGINNING ABOUT EIGHT MONTHS AGO WORKING THEIR WAY THROUGH THE NORMAL LAG PERIOD BETWEEN CONTRACT AND DELIVERY DATES. ADDITIONAL JAPANESE PRICE INCREASES ARE EXPECTED LATER, FURTHER NARROWING THE COST GAP WITH COMPARABLE UK PRODUCTS. ROBERTS CONSIDERS THIS DEVELOPMENT "A SUBSTANTIAL MOVE TOWARD A SATISFACTORY SOLUTION."

3. QUANTITIES -- (A) ON STAINLESS STEEL BARS, IT WAS AGREED NO NEW CONTRACTS WOULD BE SIGNED FOR REMAINDER THIS YEAR BUT THAT ALL PREVIOUSLY SIGNED CONTRACTS WOULD BE HONORED. QUANTITIES FOR FIRST HALF OF 1977 WOULD BE BELOW FIRST HALF 1976. (B) ON HIGH-SPEED AND TOOL STEEL, IT WAS AGREED TOTAL JAPANESE EXPORTS TO UK IN 1976 WOULD NOT EXCEED 1975 FIGURES. LEVELS FOR 1977 WILL NOT BE "SIGNIFICANTLY HIGHER" THAN 1976.

4. THERE HAS BEEN SOME PRESS SPECULATION ON DETAILS OF THE UNDERSTANDING IN TODAY'S (SEPT. 9) EUROPEAN PAPERS -- MUCH OF WHICH ROBERTS LABELS "INACCURATE." DEPT. OF TRADE EXPECTS TO MAKE PUBLIC ANNOUNCEMENT TODAY OR TOMORROW, AT WHICH TIME FURTHER DETAILS WILL BE AVAILABLE.

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## Message Attributes

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